HOUSING AND THE STATE :
THE CASE OF HONDURAS

by

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ABSTRACT

Throughout the developing world, the increasing shortage of housing for the urban poor and the nature of the social problems associated with it have prompted governments to intervene through the formulation of policies that try to alleviate the situation.

As a result of the scarcity of resources and of the influence of international lenders, the approach of these policies has been an economic one. Capital formation, generation of employment, affordability, cost recovery, multiplier effects, etc. have been the key elements in decision making.

While the merits of this approach are not ignored, this thesis deals with housing policies from a different perspective. Giving one step back, here the analysis is based on the interests affected by these policies. The roles of the State, the poor, the classes and sectors that dominate State policy-making, and of the interests involved in the provision of housing are analized from an historic perspective as a way to establish the relations that determine their behavior. The overall intention is to understand the roots of the housing shortage as a basic requirement to evaluate and formulate policies that help to improve the situation of the poor.

Thesis Supervisor: Peter H. Smith
Title: Professor of History and Political Science.

To the Memory of my Father

C O N T E N T

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Many individuals and agencies in Honduras provided access to valuable information during the field research undertaken in Tegucigalpa. Other friends sent me additional information on development issues in Honduras after my return. Leaders of the neighborhood association of the "Colonia Bella Vista" gave me insights of the life in low-income settlements. The idea for this thesis evolved from the interaction with them.

My wife Belinda has given me the support and the peace of mind necessary to cope with the rigor of the academic life, and to overcome personal setbacks. Moreover, she has been patiently typing and editing drafts of this thesis and of all the other papers written during the last two years.

Introduction

The creation in 1957 of the National Housing Institute (INVA) marked the first official step of the Honduran State in the fight to provide housing for the urban poor. Since then, other State agencies created for the same purpose as well as other autonomous bodies and even the private sector have developed policies and programs oriented to fight the shortage of housing accentuated by the urbanization process. International finance agencies have joined the government in this crusade by lending substantial amounts of money to supplement the limited Honduran resources.

Different strategies -- initially public housing, later sites-and-services, and more recently upgrading--have been adopted, mostly following "recommendations" by finance agencies and foreign consultants, and to a lesser extent by foreign-trained Honduran professionals.

The situation, however, not only has not improved but tends to get worse. The number of homeless and of people living under unsanitary conditions increases every day. The gap between housing needs and the supply of housing by the State (and the private sector) increases geometrically without any foreseeable hope to change the trend. This produces resentments among the poor who question if the government has indeed a genuine interest in finding a solution to the problem.

This thesis is an attempt to understand the true objectives of the State in the formulation of policies oriented to the provision of housing for the poor. My contention is, that the current approach to

housing has been determined by different actors who constitute the basis of the power of the State, and whose interests are served by these policies. These actors are not new elements in the Honduran society. They have been present in every major decision affecting the political life of this country. The Honduran State is a result of their interaction. Consequently, an understanding of the origin of these forces, their evolution and current role in society, is a basic consideration before planners take any action regarding housing policy making.

The work is organized in the following way: Section I analyses the evolution of the social structure of Honduras as a result of changes in the economic system; Section II describes the urban structures and the spatial distribution that have resulted from this evolution; Section III analyses the evolution of the Honduran State and gives details that illustrate the sources of its power and constraints to that power; Section IV analyses the response of the State to the housing shortage. Final conclusions suggest personal concerns about this situation along with avenues for further study.

"Understanding may not bring change, but change rarely occurs without it"[1].

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1 Gilbert, Alan, in Gilbert and Gugler Cities, Poverty, and Development, Urbanization in the Thrid World, Oxford University Press, 1982.

I. Evolution of Honduras's Social Structure

The evolution of the social class structure of Honduras has been conditioned by the form of economic activity, which in turn has been influenced by external economic and political forces.

This pattern has its roots in the colonial society where class status was determined by ownership of productive land. The aristocracy (4 percent of population) was formed by Spanish-born called peninsulares, (Peninsulars) and criollos (Creoles) who owned huge estates in the fertile and scarce valley lands, devoted mainly to livestock production for the regional and local markets. These profitable enterprises called haciendas (hacienda) had a structure that in many ways resembled that of feudal societies. They included not only the land but also a fixed agricultural labor force that was paid by a combination of low wages and sharecropping. This produced a special form of dependency because the peon, (farmhand) alienated from the land, had to rely on the patron (boss) for his subsistence.

Deprived from access to arable land, the lower class had to occupy the mountains, the dominant geographic characteristic of Honduras, where they lived in humble conditions devoted to subsistence farming through slash-and-burn systems. Other forms of subsistence agriculture were done by small farmers, surviving Indian communities, and other small urban and rural communities in small holdings and/or communal and ejidal[1] land.

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1 Ejido was (is) land owned and administered by municipalities that individuals could use, mainly for agricultural purposes, and pass it to their heirs, which eventually created a subdivision of it. Al-

These two agrarian forms shaped the post colonial society and originated the agrarian structures of the present time. The lack of adequate communications due to harsh topography prevented them from developing an internal market for further development of agriculture. Even an incipient production of indigo was soon discontinued (1850) when chemical dyeings began to be produced in Europe[1]. Thus, cattle, the symbol of the aristocracy continued to be the main source of wealth. Conversely, the milpa (cornfield) became the expression of the low class, a situation that still persists.

These inequalities became more acute during Marco Aurelio Soto's administration (1876-1883). In an attempt to spur the development of agriculture, Soto gave out large tracts of land with free property titles to medium and large landowners. Peasants were urged to leave their subsistence farms and offer their labor force in the farms of the large landowners. This produced the institutionalization of a rural high class and the impoverishment of the rural low class[2].

American capital started to appear in Honduras at the end of the XIX Century. The U.S. Civil War had accelerated industrial and com-

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though ejidos entered the land market, legally, only usufructuary rights (dominio util) could be obtained from it, not full title (dominio pleno).

1 Halliburton, Eduardo; Flores, Roberto: Desarrollo Economico, Proceso de Urbanizacion y Funciones Metropolitanas en Honduras. Primer encuentro Nacional sobre Desarrollo Urbano. Instituto de Investigaciones Economicas y Sociales. Universidad Nacional Autonoma de Honduras, March 1978, p. 201.

2 Molina Chocano, Guillermo; Estado Liberal y Desarrollo Capitalista en Honduras, Editorial Universitaria, Honduras, June 1982 pp. 39-44.

mercial development producing a boom in its economy. Wartime markets and new laws that gave land and money to railroad builders and steel manufacturers produced by 1865 a nascent industrial complex which would transform the U.S. into the world's leading industrial power[1]. This prompted U.S. businessmen and leaders to follow the British School, that is, to search for new markets, for which nothing seemed more promising than Latin America, long the domain of European (British) salesmen[2]. This economic expansion had also been envisioned by the American Secretary of State James G. Blaine, who understood the strategic importance of Latin America, and promoted commerce and hemispheric fraternity as a way to obtain political dominance and displacement of the British.

Other influential thinkers such as Alfred Thayer Mahan had widely publicized the idea that sea power was for the U.S. the most important factor in the assurance of well-being, influence and importance in world affairs, not only economically but mainly militarily. Moreover, he suggested the need for foreign bases as a way to expand its area of domination[3].

These dreams of power were countered by the Spanish presence in the Caribbean. Although decadent, the Spanish empire still had dominance over most of the Caribbean Islands and the Philipines.

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1 LaFeber, Walter; Inevitable Revolutions: The United States in Central America, W.W. Norton & Company, New Yor London, 1983. p. 25.

2 Burns, E. Bradford; Latin America a Concise Interpretive History; Prentice Hall, Inc., New Jersery, 1977, p. 148.

3 Pratt, Julius W.; Expansionists of 1898, Baltimore, The John Hopkins press, 1936, pp. 12 - 33.

The blowing up of the U.S. battleship "Maine" in Havana harbor in April 1898 prompted the declaration of the so-called Spanish-American War which ended four months later with the expulsion of Spain from the Western Hemisphere. Thus, while Cuba became independent, the U.S. became the unchallenged power in the area[1] which resulted in its gradual economic intervention in Latin America.

Although the first investments were in mining, the bulk of American investment began to concentrate in banana production. Three American Corporations -- the United Fruit Company (UFCo), the Cuyamel Fruit Company (CFCo), and the Standard Fruit Company (SFCo) -- were created to produce banana on a large scale.

Early success in their operations led them to a gradual increase of their investments which resulted in high levels of production. Investment grew from 2 million dollars in 1897 to 9.5 in 1914, 10.4 in 1919, and 80.3 in 1929, which represented in 1929 almost 40 percent of total American investment in Central America. Banana exports, on the other side, grew from 0.2 million dollars in 1892 to 46 million in 1930, largely surpassing the highest value of mineral exports, 3.5 million, observed in 1926. The share by banana of total exports grew from 26 percent in 1880 to 89 percent in 1925[2].

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1 Dozer, Donald Marquand; Latin America, an Interpretive History; McGraw-Hill Book Company, 1962, pp. 420-424.

2 Murga Frassinetti, Antonio; Economia Primaria Exportadora y Formacion del Proletariado: El Caso Centroamericano. (1850-1920) Estudios Sociales Centroamericanos, Mayo-Agosto 1982, Ano XI, Numero 32, pp. 59 - 60.

A significant effect of the banana production on the social structure was the appearance of the working class. The amount of workers in the different components of the operation -- plantations, processing plants, railroad operation, factories, port facilities, administration, etc. -- meant a concentration of labor force never seen before: more than 22,000 workers in 1920![1]. They had come not only from the rural areas of Honduras but also from the rest of Central America and the Caribbean[2] attracted by relatively high salaries. For the first time in Honduras a labor force market was in action: wage payment in exchange for labor.

Investments, however, were not limited to banana production. Light industries, beers, soft drinks, ice, vegetable oil, soap, shoes, and a bank were established to supplement the local economy and to facilitate the companies' operations. Gradually, these industries began to serve the public and became profitable enterprises. La Ceiba, where they had their headquarters, became an active cosmopolitan city where every citizen was in one or another way connected to the banana companies. Thus, a small middle class attached to the companies began to emerge. Furthermore, the whole northern coast became a foreign-controlled enclave that systematically transformed Honduras into a one-crop economy whose demand and production were

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1 Posas, Mario; Del Cid, Rafael; La Construccion del Sector Publico y del Estado Nacional en Honduras, Editorial Universitaria Centroamericana, Costa Rica, 1981, p. 39.

2 A vivid description of the banana exploitation is given in a book that has become a classic in this subject; Amaya Amador, Ramon, Prision Verde, Editorial Ramon Amaya Amador, Second Edition, Honduras 1979.

externally controlled, and whose profits went directly to New Orleans, New York, and later Boston.

By 1955 the banana companies began a period of technological renovation that resulted in massive firing of workers. Natural disasters that affected the plantations and a massive strike (40,000 workers) that had resulted in legal unionization moved them to reduce personnel without diminishing production. Of the 35,000 workers they had in 1953, there were only 16,000 by 1959[1]. While many of them returned to their old subsistence farming and eventually began to form the first peasants organizations, many others remained in the area.

The coincidence of the excess of labor available in the North coast and the industrialization initiated by Juan Manuel Galvez's administration (1949-1954) after the hard lessson of the World Dpression encouraged the location of many industries in the area. Most (all) of the industries of this period were oriented to the production of light consumer goods for which substantial labor was required. These factors together with the relative development that San Pedro Sula had achieved, formed the basis for the increasing industrial development of this city.

Tegucigalpa, on the other side, experienced a different form of development. Born in 1578 as a mining town, it began to change its economic activity and physical appearance in 1880 when it was named capital city of Honduras. By 1954 when its last mineral was abandoned,

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1 Posas, Mario; Del Cid, Rafael; op. cit. p. 96.

the level of development of government and commerce as local economic activities was such that the impact of the withdrawal of mining as the main source of employment was minimal. Today, the territory sector in Tegucigalpa provides more than 70 percent of the jobs and industry 18.

Differences in the basis of economic activity of these two cities have had important effect in the social structure. The concentration of skilled industrial labor force in San Pedro Sula resulted in a constant interchange of ideas and experiences which created the bonds for social organization. By contrast, the working class in Tegucigalpa is rather dispersed which has hindered communication and social integration. San Pedro Sula is today the center of the organized working class and the origin of almost every form of labor movilization.

As a result of the industrialization, a migration movement toward Tegucigalpa and San Pedro Sula began to take place which had important effects in the working class. While some of these migrants could find a job in the formal sector, many others had to resort to informal forms of work to subsist in the city. Consequently, their views and interests were different. While the former were concerned about wage increases, job security, social insurance, promotions, unions, etc., the latter were worried about finding a job, obtaining a site to build a shack, securing minimal services, etc. As a result of this, the urban working class has not had the cohesion necessary to become a stronger voice in the Honduran society.

Massive construction of infrastructure works, roads, hospitals, schools, factories, port facilities, public housing, etc. has resulted

in an increase of professionals involved in the construction sector e.g., engineers and to a lesser degree, architects. Compulsory registration of them in the Institute of Engineers transformed then into a powerful and influential element in public policy making. Civil engineers have regularly been occupying key positions in the administration. The "Institute" has also managed to control the construction industry through, the creation of the Construction Chamber, where all construction companies, suppliers of construction materials, and related activities have to be registered. Both, the Institute and the Chamber have had representatives in almost every board of the most important autonomous and State agencies, especially those where substantial construction is involved.

Modernization of the economic structure by recent military governments has resulted in the strengthtening of certain groups within the upper and the upper-middle classes. Fiscal incentives and economic support offered by the government to develop the industrial sector have been taken by a few members of the elite, and some aggressive immigrants (Arabs and Americans) that have settled in Honduras relatively recently. Because of their foreign origin they tend to "ignore" the problems and struggles of the lower classes. Instead, they tend to develop relationships with the landowning classes. As a result of this, a lot of industrialists end up getting involved with business in agriculture which leads them to oppose agrarian reform measures. For them, inequalities in the rural areas, have meant a constant flow of a healthy labor force which obviously reduces its bargaining power. This is particularly true for those industries that do not require

highly-skilled personnel.

However, in spite of its active participation in the economy, the local bourgeoisie has not led the industrialization process but has worked in connection with foreign investors of which they have been minority partners. Local entrepreneurs have become a managerial class who have been executing decisions taken abroad. 32 out of the 40 largest industries are foreign controlled[1]. Even the banana companies have recently increased their participation in the economy through the diversification of the production and through participation in productive activities for which there was no local competition[2]. Consequently, the benefits fron new economic activities have continued going to foreign accounts.

As a result of the evolution here described, Honduras has become a country of enormous inequalities clearly reflected in the overall distribution of the income: In 1978, while the lowest 70 percent of the families received 36 percent of the income, the same percentage of the income (36) was received by the top 10 percent of the families[3]. A similar situation has been observed in the rural ares where inequalities in land distribution have led to acute disparities in

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1 Plan de Empleo 1982-1985 Secretaria Tecnica del Consejo Superior de Planificacion Economica, Tegucigalpa.

2 For a detailed description of American Investments in Honduras, refer to Barry Tom; Wood, Beth; Preusch, Deb; Dollars and Dictators, a Guide to Central America, Grove Press, Inc., New York, 1983, pp. 175 - 179.

3 "Encuesta de Ingresos y Egresos", 1978, Consejo Superior de Planificacion Economica, Tegucigalpa.

the distribution of income from agriculture. In 1976, landowners, who represented 0.3 percent of the rural population, appropiated 26.3 percent of the income while 65.3 percent of the rural population received only 24 percent[1].

This situation has been getting worse during the last years as a result of an economic crisis and of the lack of redistributive measures. While economic growth was 5.6 percent per year between 1974 and 1979, it fell to 2.6 percent in 1980, 0.3 percent in 1981, and seems to have been negative in 1982[2]. Therefore, economic growth is not keeping up with population growth whose most conservative estimate is 2.8 percent per year.

Consequently, we can say that the search for economic development has been made at the expense of social development which has deepened the underdevelopment conditions of the Honduran society. The incipient industrialization has resulted in the creation of social classes separated by abysmal differences. Each of these groups, has lacked a clear definition and organization which has worked against their own interests and against the interests of the society as a whole. The upper class has relied on the foreign sector for its development; the middle class has grown unsafely attached to the dominant groups which prevents a clear identification with any group; the working classes are still influenced by their rural roots but feel rejected

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1 Montes, Mauricio; La Crisis Economica de Honduras y la Situacion de los Trabajadores, Imprenta Calderon, September 1982, p. 53.

2 Central Bank of Honduras. Honduras en Cifras.

by the city; the peasants ... they watch from their shacks the prosperity of the city and the economic improvement of the other classes at their expense. None of these groups has taken a leading role in society. Each one is concerned about their own problems and pay little attention to national interest issues like social development and justice. Few people really care about the increasing social inequalities. The consequences of this evolution are still to be seen.

II. Urbanization and the Creation of a Demand for Housing

The economic activity and the evolution of the social structure have been reflected physically in the urban structures and in the spatial occupation of the territory. The economic stagnation and class stratification of the post-independence period, for example, resulted in cities whose colonial appearance did not suffer noticeable changes. Land was hierarchically distributed according to class status, determined by the proximity to the main plaza where the Church, the City Hall, and the Governor's house were[1]. The closer to the plaza, the higher the class. These cities, however, had substantial power thanks to the lack of communication which produced a sense of localism and competition among them. Since limits were not clearly defined by law, municipal authorities tried to encompass large areas. More than a nation, Honduras was a series of cities whose only common interest was self protection.

The enclave form of the banana exploitation and the lack of communications with the rest of the country, had important consequences in the spatial structure. Most urban centers -- San Pedro Sula, La Ceiba, Tela, El Progreso, La Lima, Trujillo -- were concentrated in the North; all of them had significant importance in the operation of the banana companies. While the north coast began to gain importance as a result of the coming of the most capable and aggressive leaders of the rural areas, rural areas continued to be stagnant, and living

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1 Hardoy, Jorge E.; The Building of Latin America Cities, in Urbanization in Contemporary Latinamerica; edited by Gilbert, Hardoy, and Ramirez; 1982 John Wiley & Sons Ltd. p. 26.

was provided by subsistence farming. With the exception of Tegucigalpa, that captured the taxes generated by the banana exports, the economic benefits and technological improvements brought about by the banana exploitation did not filter to other parts of the country in a significant degree, which produced a polarization between the North and the Center.

Initiated by Galvez and continued by subsequent administrations, the construction of a roads network to promote a capitalist development had major effects on the occupation of the territory. Roads not only served to stimulate the emergence of new economic activities but to let the rural population discover how poor they were and how limited were their opportunities in the farm. This led them to use these roads to move toward cities. Not having access to land, their hopes for improvements were almost non-existent. The fact that industrialization was very incipient at that time, suggests that it was the unfair and futureless rural life more than the attraction of the cities what encouraged early movements toward urban areas, mainly Tegucigalpa and San Pedro Sula.

The construction of the Carretera del Norte (northern road) in 1951 not only connected Tegucigalpa and San Pedro Sula but encouraged their growth and that of small towns located along the road. Expansion of the network toward the ports on the Atlantic and Pacific oceans to facilitate importing and exporting activities, contributed to the formation of a North-South corridor of development, where most investments in economic and social infrastructure began to concentrate.

By 1976, the Corridor of Development had reached a level of development, population, and urbanization, similar to that of a country in a medium stage of development, which contrasted with the situation in the rest of Honduras. Although it occupied 30.6 percent of the area of the country, it contained 61 percent of the total population and 86 percent of the urban population. Other indicators showed it had 85 percent of the industries, 95 percent of the total electric energy capacity, 88 percent of hospitals, 94 percent of medical doctors, and 69 percent of total paved roads. The area produced 76 percent of Gross Domestic Product. Between 1965 to 1970 it received 90.7 percent of total public investment[1].

However, the benefits of the development of this area did not filter toward the rest of the country. The development was concentrated in its 8 urban centers, mainly Tegucigalpa and San Pedro Sula. Therefore, even the Corridor of Development was (is) not an homogeneous area. It had "pockets" of concentration of economic activities, and marginal areas that had not had access to the dynamic of the area.

Thus, between 1950 and 1961, Tegucigalpa, doubled its population from 72,385 inhabitants to 134,075, and San Pedro Sula almost tripled it from 21,139 to 58,632[2].

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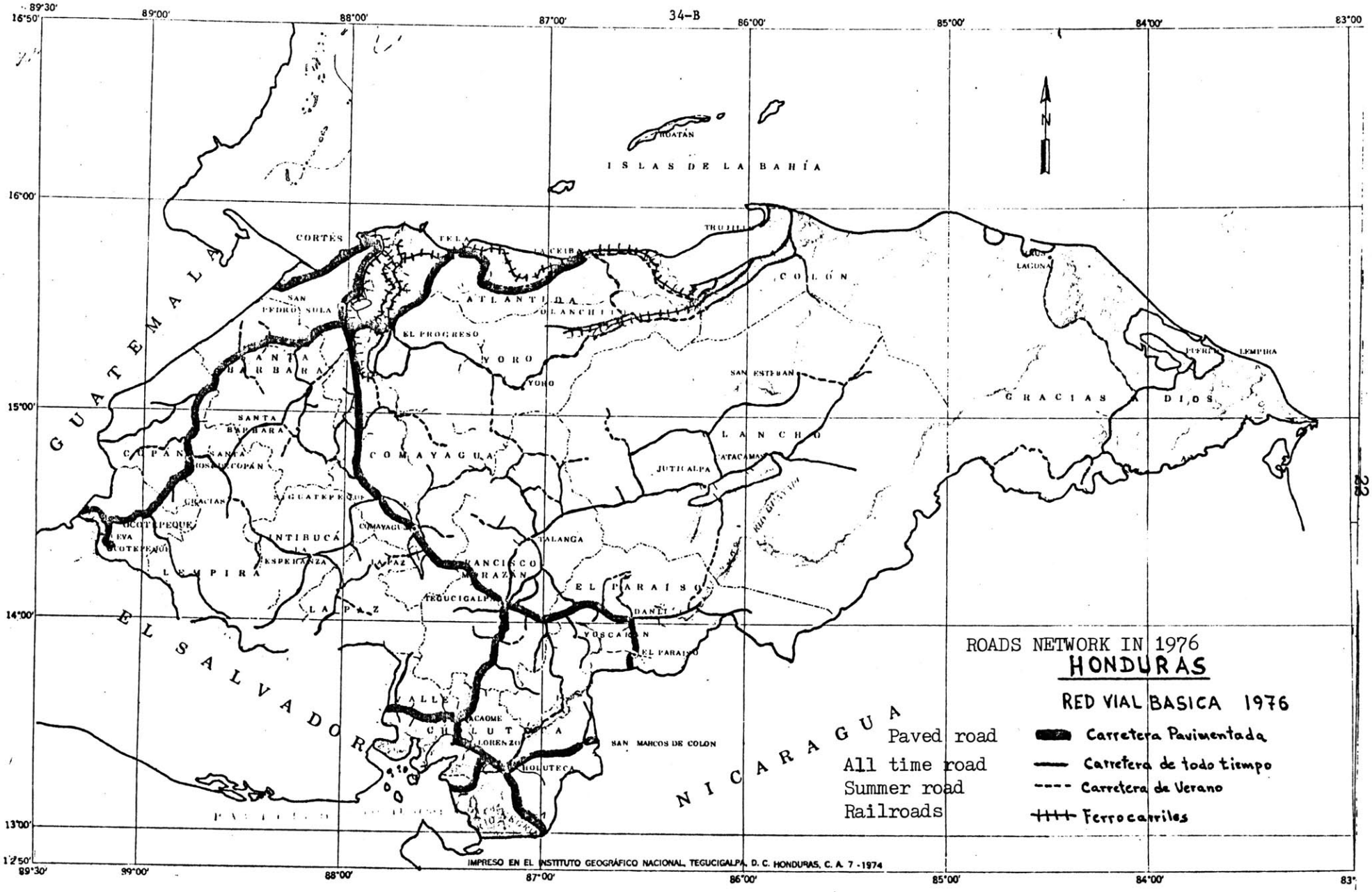
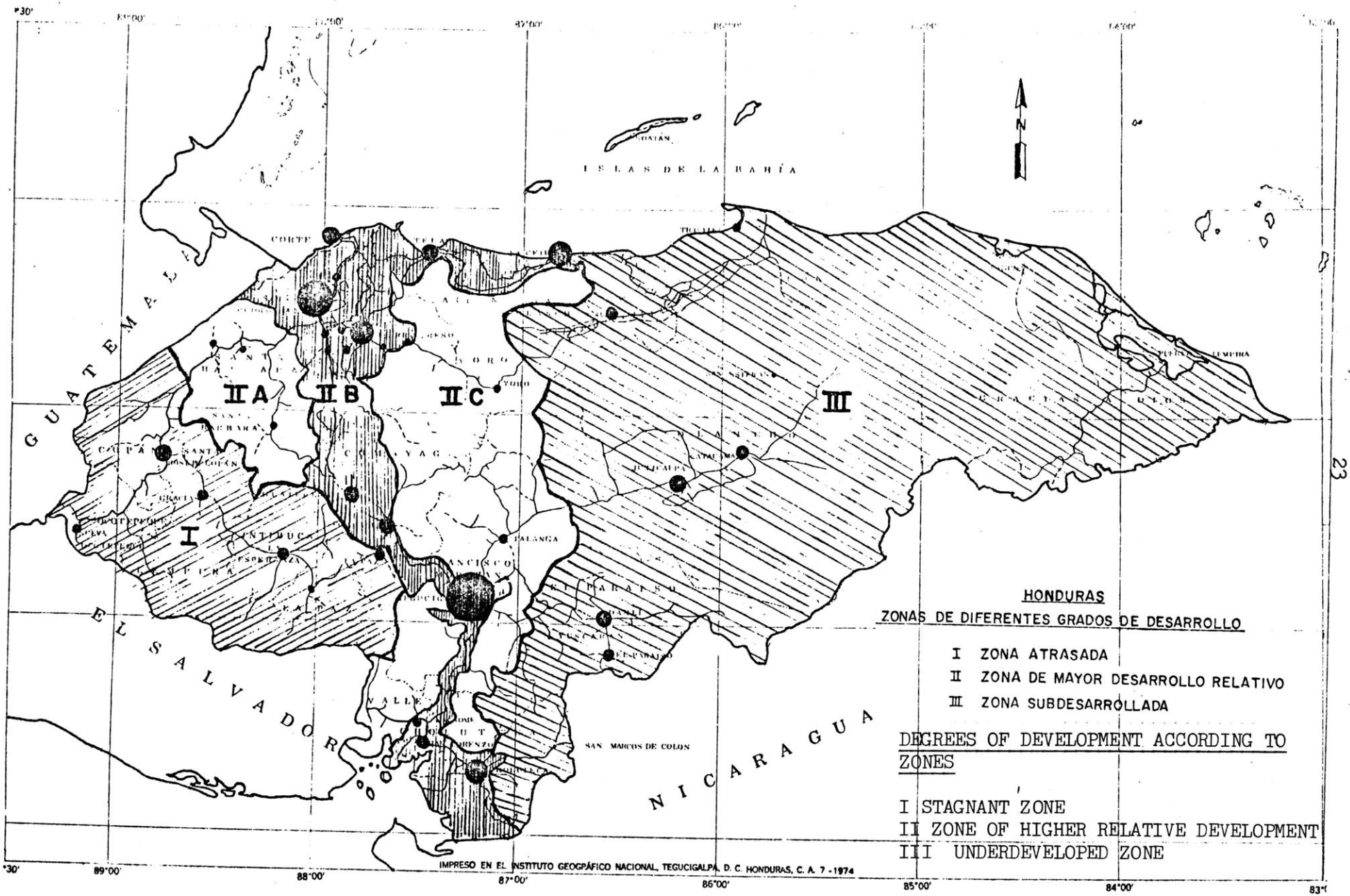
1 Human Settlements: National Report presented by the Republic of Honduras to the United Nations Conference on Human Settlements, Habitat 1976, pp. 33 - 43.

2 Avilez P., Geraldina: El Proceso de Crecimiento de los Asentamientos Populares Urbanos de Tegucigalpa y su Relacion con las Politicas Estatales, Master of Social Work Thesis, Universidad Nacional Autonoma de Honduras, 1983, p. 58.



Source: Report to Habitat 1976



Source: Report to Habitat 1976

As a result of the massive migration movement, the structure of the total population changed drastically. 36 percent of the population lived in urban areas in 1982 as compared to 23 percent in 1960. (The agency of statistics estimated as urban the population living in centers with a minimum of 2,000 inhabitants, which at least had public lighting, sewage network, or a health center).

Table I [1]

Population of Honduras, 1960/1982

(thousands)

	1960		1982		
	Population.	Percentage.	Population.	Percentage.	Rate of Growth
I Rural	1,505	77%	2,234	64%	1.8%
II Urban	440	23%	1,277	36%	5.0%
Total	1,945	100%	3,511	100%	2.8%

Source: Central Bank of Honduras, El Modelo de Desarrollo De Honduras, Tegucigalpa, 1983.

Although the total urban population grew at a rate of 5 percent per year, Tegucigalpa's rate was 6 percent, which resulted in an increase of its share of the urban population from 31 percent in 1960 to 38 percent in 1982, and of the total population from 7 to 14 percent.

1 There does not exist an accurate estimate of the current population of Honduras. Since the last census was taken in 1974 every agency now makes its own estimates based on different projections. The analysis of several figures led me to accept those by the Central Bank as a realistic though conservative estimate of the situation.

Table II

Population of the two Main Cities of Honduras

(thousands)

	1960	1982	Rate of Growth
Tegucigalpa	135	480	6.0%
San Pedro Sula	59	300	7.7%
Total	194	780	6.5%

Source: Central Bank of Honduras

One important consequence of the rapid growth of cities was the proliferation of different forms of low income settlements which in Honduras are called barrios marginales. Since 1960, the population living in these areas has been growing at a rate of 9.3 percent per year. As a result of this, their share of the total urban population of Honduras grew from 17 percent in 1960 to 4.2 percent in 1982!

Table III

Distribution of Urban Population of Honduras, 1960/1982

(thousands)

	1960		1982		
	Population.	Percentage.	Population.	Percentage.	Rate of Growth
I "Marginal.	75	4%	531	15%	9.3%
II Non "Marginal	365	19%	746	21%	3.3%
Total	440	23%	1277	36%	5.0%

Source: Central Bank of Honduras

Knowing that Tegucigalpa grows faster than the rest of the urban population, and that the severity of its urban problems is higher than in other cities, I can speculate that the rate of growth of its barrios marginales is at least 10 percent per year, and that they contain in minimum of 55 percent of the total population of the city. Using these figures I can quickly estimate that every year, Tegucigalpa adds a minimum of 26,400 people to its barrios marginales.

Even though the rate of growth of San Pedro Sula is higher than Tegucigalpa's, the severity of the urban problems of Tegucigalpa is higher due to the dificult topography which increases infrastructure costs and to the shortage of water sources.

What is life like in the barrios marginales? In these areas only 34 percent of the houses have piped potable water, 22 percent have flushing toilets, 15 percent of the families have neither toilets nor latrines and in some "barrios" this figure is higher than 35 percent, 41 percent of the houses are of rustic wood, and more than 35 percent of the houses have earth floors[1]. Similar indicators for Tegucigalpa as a whole show that 46 percent of the houses have piped water, 40 percent flushing toilets, 15 percent are made of rustic wood, and 28 percent have earth floors[2].

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1 Conroy, Michael E.; Kawas C., Celina; Zuniga M, Melba Luz; Ingreso, Gasto, Barrio y Familia: Estrategias de los Pobladores de Barrios de Ingresos Bajos en Tegucigalpa. Asesores para el Desarrollo, ASEPADE, Tegucigalpa, June 1982.

2 Consorcio Lahmeyer - Conash. Analisis de la Situacion Socioeconomica de Tegucigalpa y su Desarrollo. 1981.

Most people live in overcrowding conditions. One or two room units accommodate more than 50% of the families which average 7.1 people, leading to densities of 900 persons per hectare in many areas of the city. The relation beds-per-person is 0.670 for small families (1 to 4 members), 0.440 for medium families (5 to 9 members), and 0.381 for large familes (10 and more members). Health conditions are extremely precarious as a result of overcrowding, dust, and unsanitary living conditions. Water borne diseases (gastroenteritis, colitis, dysentery, and other water borne parasites), occupy first place (12.8 %) among causes of general mortality, and also of infant mortality (24.2%)[1].

In Tegucigalpa 79 percent of the heads of families in the "barrios marginales" are migrants. For most of them job expectations have not materialized: only 58 percent of the heads of families have permanent employment which produces an average monthly salary of $ 116.00[2]. Although 32 percent of them were small farmers in their places of origin, that expertise was a little help in a city where the service sector provides more than 70 percent of the jobs and agriculture barely 2 percent[3]. Their low educational level 3.3 years, has forced them to acquire new skills to make a living in the city.

Section I suggested that the economic evolution has led to an increase in poverty and that the State has played a major role in

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1 Anuario Estadistico 1977, Direccion General de Estadisticas y Censo.

2 Conroy, Kawas, Zuniga op. cit. p. 159.

3 METROPLAN, Esquema Director de Ordenamiento Metropolitano 1975-2000 p. 16.

determining access by the poor to economic resources, to improve their status. Consequently, more than the economic situation, it is the State, as allocator of resources, who determines the proportion of those resources that will be made available to the lower class. An understanding of the nature of the State, its standing and role in society, its source of power and limits to it, are therefore essential considerations for an understanding of government policies on housing for the poor.

III. The Honduran State

The beginnings of the modern state in Honduras date from 1876 when Marco Aurelio Soto took control of the government militarily supported by Guatemala and El Salvador, and initiated a period of major reforms. Soto and his Minister Ramon Rosa created the laws and institutional structures needed for a capitalist development. Among others, civil, penal, criminal, mining and commercial codes were elaborated; church property was secularized and the tithe was abolished; the post service was restructured and a telegraphic network built; a road to the Pacific to facilitate mining export was built; free primary education became obligatory; the monetary system was organized; the public debt was consolidated and special attention was given to the debt created by a failed transoceanic railroad[1] etc.[2].

Since a peaceful environment was necessary for capitalist development Soto discontinued the customary persecution of political enemies, mainly the military, and gave the first steps for the organization of an army. He attracted the old military caudillos[3] and put them together in a "professional" army. Modern weapons, uniforms, and

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1 For a detailed description of this transaction which amounted 110 million dollars by 1910, the actors involved, and the way in which it was paid, refer to : Selser Gregorio, Los Inicios de la Diplomamacia del Dollar: Honduras 1911-1912, Cuadernos Americanos (Mexico) Ano XLII No. 6 Noviembre-Diciembre 1983.

2 Posas, Mario; Del Cid, Rafael; op. cit. p. 13.

3 The caudillo was the blend of the concept of indigenous cacique or indian chieftain and the colonial concept of domination, hierarchical structure, and authoritarianism. The caudillo provided guidance, support, and protection, to isolated communities creating a dependency relationship on them. The lack of communication means in Honduras encouraged localism and the proliferation of caudillos.

a military structure were furnished by the Ministry of War. Military service for those between the ages of 18 to 35 was institutionalized. Military technicians who had fought in the Cuban Independence was (Antonio Maceo and Maximo Gomez) were brought to train the new army and to create a military school. With this, Soto not only controlled the caudillos but also had a repressive body to support the implementation of his plans. He had said that "although the government would be liberal and tolerant, it would not hesitate to punish quickly and effectively and violation, regardless of social position, family name or political background"[1]. Indeed, he proved this in 1878 when he autorized the death of former president Jose Maria Medina who attempted to overthrow the government[2]. Thus, the military began to take shape as a source of the power of the State.

The failure of agriculture in providing the expected revenues led Soto to a turn to mining. The Constitution of 1880 and the Mining Code cleared up the way for foreigners to come to Honduras and exploit mining just as if they were nationals. Among others, roads to access the mines were built, registers of workers to assure the availability of labor were adopted, and concessions that included free importation of machinery and equipment and almost every form of tax exemption were granted. This initiated a dependency on foreign capital that has characterized the Honduras State.

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1 Molina Chocano, Guillermo; op. cit. p. 26.

2 Ibid, p. 24.

Of the foreign mining companies that settled in Honduras, the Rosario Mining Company (RMCo), that had been created in New York in 1879 with Soto and his Minister Enrique Gutierrez as partners, was the largest. That year, RMCo was granted a 20 years concession to exploit the "mineral San Juancito", which lasted until 1954! In one year, 1887, RMCo exported 1.6 million dollars worth of mineral, equivalent to 87 percent of total mining export value[1].

Although mining produced fabulous profits to all the groups in operation, fiscal concessions and the enclave type of exploitation prevented the State from participating in the profits. The slight benefit for the State was the generation of employment. In 1937, a year of high profits for RMCo, it employed 1012 hoduran workers and 39 foreigners who earned $1.47 per day the former and $9.22 the latter. RMCo still operates in Honduras.

More important was the State encouragement of the banana trade. Moved by an interest in obtaining funds to finance the State's operation, the government not only granted ample concessions and privileges to banana companies but permitted their economic expansion at the expense of local producers who were displaced from their farms. Banana companies were so powerful and the State so weak that the government depended on its relationship with them to ensure its stability in power. This statistic explains better the situation: While total banana exports between 1925 and 1950 amounted to 412.5 million dollars for an average of 16.5 million per year, the total national budget

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1 Molina Chocano, Guillermo, op. cit. p. 88.

for 1932 was less than 6 million[1].

Other reasons could be added as determinants of the easy penetration and take over by American banana companies. Firstly, local producers of banana were a weak economic group who lacked influence in the political and institutional life. Moreover, their lack of means to transport the fruit, the rapid decaying nature of the banana, and the smallness of the market forced them to accept the conditions imposed by American commercializers and to depend fully on them for the sale of the whole production. Secondly, the hacendados, an important component of the social and economic life were in fact not interested in economic progress, since they were not in personal need of it. Their haciendas contained everything they needed to maintain a life style well above that of the rest of the population. Their affluency allowed them to travel as much as necessary to obtain goods not available in the local market.

The worldwide depression of the 1930s led to a decline in profits for the companies. Many workers were fired and the government stepped in to control tensions.

Supported by UFCo, in 1933, Tiburcio Carias Andino, a caudillo from the conservative National Party, became President and eventually a dictator. Through constitutional ammendments by an unfailing congress and with the military support of the U.S., Carias remained in power until 1949. His regime was one of harsh repression. Moved by an

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1 Avilez P., Geraldina, op. cit. p. 47.

order-impossing interest he repressed the popular classes, prohibited unionizations and restricted democracy. Extensive imprisonment, exile and killing combined to destroy all form of political opposition throughout the whole territory.

Even though Carias stopped the customary political instability that had (has) characterized the Honduran State, the result was a "peace" and stability of dubious merits. While other countries had begun to build the basis for economic growth, Honduras remained economically stagnant; the dependency situation of the State on the banana companies increased dramatically; and cooption became a rampant practice that has ever since been a pervasive element in the political life of Honduras. As a result of this, the political presence of UFCo reached levels without precedents. Most public servants in the North coast and many others in Tegucigalpa were related to UFCo and appeared in its payroll. Its petitions in Congress were always answered favourably and fiscal benefits to UFCo subsidiaries were granted promptly. By 1940, its control over Honduras' political and economic life was far beyond any imaginable limit.

The modernization of the State began to take place during the Juan Manuel Galvez's administration (1949-1954). Before Galvez there had not been a clear differentation of the State apparatus. Although Soto had introduced important reforms, the State continued being treated as a personal property, a source of private privileges and economic gains. It was the need to develop new forms of economic sustain after the lesson of the depression what originated a period of growth and higher differentiation of the State. New economic institutions --

A coup of the brief dictatorial regime (1954-1956) of Julio Lozano Dias marked the rise of the Army as an important source of power for the State thus increasing its autonomy. This non-bloody coup is particularly important in Honduran history. For the first time, the army as an institution took an active political role. The army had been gaining force since the begining of Carias's regime. Later, in 1954, coinciding with the overthrow of the liberal Guatemalan President Jacobo Arbenz by a small group coming from Honduras and militarly led by the U.S.[1], a military assistance agreement between Honduras and the U.S. was signed. By this, the Honduran army would become a modern and professional institution through training of its members in American academies and in the Military School at the Panama Canal. The triumvirate was formed by members of the old and new school. Two of them, Hector Caraccioli and Roberto Galvez Barnes, were young officers (around 34), trained in military academies of the U.S. The third one, Roque J. Rivera, (55) was a member of the old guard. The army was consolidated.

A precedent that would guarantee the participation of the army in the political life was created in 1957. The Liberal Party, who had obtained a majority in the recently elected constituent assembly, requested permission to the army to elect Ramon Morales as the President of Honduras by vote of the assembly. They argued that he had proved his leadership and sympathy among the population in the last two elections and, therefore, it was useless to invest more time and money in

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1 LaFeber, Walter; op. cit. p. 125.

the Central Bank, the Agricultural Development Bank, the Ministry of Agriculture, and the School of Economics -- were created to coordinate the State's support for new forms of capitalist development. Today, these institutions are the core of the economic life of Honduras.

Since communications were a major constraint for development, Galvez gave special attention to the construction of roads to link together the main productive centers, policy that was also followed by subsequent administrations. Thus, out of 41.7 million dollars borrowed by the government between 1955 to 1964, 73 percent was devoted to roads[1].

Galvez's administration was one of intense labor activity. Although he did not give direct support to labor movements, neither did he restrain the reaction occuring in Tegucigalpa and the North Coast. More than 25,000 workers of the Tela Railroad Company (a branch of UFCo) went on strike in May 1954 demanding better salaries, better working and living conditions, social benefits, and the recognition of trade unions to protect their interests. Although they obtained very little of their demands, the strike, that was later joined by another 15,000 workers and heroically lasted 69 days, gave to the workers a sense of gremial organization. Similarly, the workers became a political force[2].

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1 Posas, Mario; Del Cid, Rafael; op. cit. p. 86

2 LaFeber, Walter; op. cit. p. 125.

new presidential elections. With minor opposition, the army agreed.

Thus, Villeda Morales became a "Constitutional" President with a conflictive situation of power. The new constitution had given full autonomy to the army. Its only authority would be the Head of the Armed Forces who would be selected by the congress from a list of three candidates proposed by the army. The President could only give orders to the army through the Head of the Armed Forces. Differences between them would be solved by vote of the Congress thus creating a duality of power. The army became a political power; a State within the State.

Other than this, the new constitution was the culmination of the capitalist development process in which the State had been committed since 1949. The State assumed the role of a promoter of a growing and ordered level of production, employment and income, through 1) creating the conditions for investment, and 2) providing the public services required for a capitalist development.

On the capital side, substantial incentives were given for local and mainly foreign investors to develop the industrial sector: roads, electric communications, cheap electric energy, stable currency, free mobility of capital, tax incentives, guarantee to investments by local and foreign capital, etc. Preferential treatment was given to those industries that used local labor and raw materials, had a multiplier effect, and/or would improve the balance of payments. Low-transformation industries were not encouraged. To overcome the smallness of the market Honduras became a part of the Central American Common Market.

The Labor force supply, on the other side, was assured through investments in housing, health, education, social security institutions, and the enactment of the Labor Code and the Civil Service Law. An agrarian reform was enacted and partially implemented.

With these elements, Villeda Morales tried to satisfy some of the claims of the political alliance that brought him to power, to the extent that they would not overlap with each other. The emerging industrial bourgeoisie received protection from the State, the urban middle class had more sources of employment, the popular sectors obtained some social concessions, and the army obtained the benefits of its new political power. Political demands by the first three included a change of the domination by the landowning class and the commercial bourgeoisie, and the widening of the social basis of power.

However, the scheme did not work as expected. The army became a constant threat to the permanency of the State; the foreign capital overtook the industrial sector and displaced the local bourgeoisie, transforming them into minority partners thus increasing foreign penetration and dependency[1]; the participation of Honduras in the Central America Common Market was rather poor due to its low industrialization as compared to other countries (mainly El Salvador and Guatemala) which had initiated it much earlier; the Labor Code that included major labor conquests, became a means to limit and control labor's political

1 Evans, Peter; Dependent Development: The Alliance of Multinational, State, and Local Capital in Brazil; Princeton University Press, 1979, pp. 15 - 42.

power because the legal procedures to determine legality of a strike were long and tedious, and solidarity strikes were prohibited; the Agrarian Reform was unable to seize land owned by the banana companies which resulted in the modification of its law[1]; labor mobilization increased; and the organized peasantry emerged as a new political force.

Meanwhile, the oligarchic groups had been conspiring against the government. An attempt to overthrow the government in 1959 was stifled by Villeda Morales's followers without the intervention of the army. (A second attempt in 1961 resulted in the murder of 12 people and the exile of its leaders). The UFCo managed to change the Agrarian Reform Law, questioning Villeda Morales's permanency.

Consequently, the political demands of the alliance were never quite addressed by the regime. Domination continued to be by the oligarchic class with the inclusion of the new element, the Army. Social mobilization that would have led to positive benefits for the lower classes was restrained through an anticommunist excuse thus preventing what could have been an historical change.

Peasant mobilization started to grow at the time when political campaigns were in process. A charismatic and aggressive liberal leader, Modesto Rodas Alvarado, was looming up as the winner which would have meant the continuation of the increasing popular mobilizations. However, the dominant groups did not permit this possibility

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1 LaFeber, Walter; op. cit. p. 168.

to come true. A bloody coup overthrew Villeda Morales 10 days before elections.

The consequences of the malformation of the social, political, and economic structures generated during the colonial and independent eras, that began to be felt during Villeda Morales' administration, reached a climax during the militarism, an era initiated in 1963 and still strong in present time. This was expressed not only in terms of popular mobilization but mainly in the decadency of the political institutions that represented them. Although new elements affected the political scene, the power structure and its consequences persisted through the period: The dominant groups continued being used both physically and intellectually. If any progress was achieved during this period it was at the poor's expense.

Unable to contain the political pressure emerging from the low classes, the dominant groups resorted to the army to stop it. However, the army, first through harsh repression and later through open alliances with personalistic politicians, managed to control the situation and remain in power for more than 20 years. Their initial bad image was erased in 1969 during the military conflict with El Salvador. A brave defense of the territory with outdated equipment turned them into national heros, which eventually led to an increase of the budget for military spending. Civil governments during these 20 years have not questioned the army's authority. On the contrary, approval by the army to the actions of these governments has been their only guarantee of their permanence.

The initial period of repression led to a deep economic crisis that the military were not able to handle. Protests by different sectors started to arise. To counter it, the army decided to form a constitutional government for which they joined efforts with the National party, which elected Colonel Oswaldo Lopez Arellano as President following the electoral system of 1957 initiated by the Liberals. This, however, did not help. The country continued going through the crisis without any hope of stoping it.

It was the military conflict withe El Salvador in 1969 that produced unexpected political and economic effects. The bellicose situation created an environment of unification between classes and social groups which gave full moral and physical support to the army. The subsequent withdrawal of Honduras from the Central American Common Market, meant the closing of the market to products from the area which help to the recovery of the local bourgeoisie.

During this difficult period, the popular sector evidenced their political maturity and full conscience of the sources of their problems. In the midst of the economic crisis (March 1969) and thinking of the forthcoming elections of 1971, the Confederation of Honduran Workers made an historic appeal to the "national conscience", demanding political reforms as a way to preserve the constitutional state. They claimed, "we believe that the constitutional state must be preserved and that the change of authorities must be done as prescribed by the Constitution: through the direct and secret vote of all the citizens"; "we, the Hondurans, can and must break the vicious circle of political instability"; we believe that it is necessary to have an understanding

between the government, the political parties, and the social forces of this country". In order to achieve these objectives, they proposed, among others, the following reforms: 1) The establishments of a civil service law so that public servants would have stable jobs regardless of political preferences; 2) elimination of the monopoly by the two traditional parties so that new political parties and independent candidates for the different levels of authority could be presented; 3) progressive tax reforms; 4) free unionization; 5) effective support of an agrarian reform[1].

This declaration initially presented in March, 1969 did not have a good response because of the disarticulation of classes and social groups during this period. However, it was presented again to Lopez Arellano six months later, during the patriotic effervescence after the conflict with El Salvador, by a strong coalition formed by several political organizations (excluding the National Party), the largest unions, and the Federation of Students. The private sector joined the group a little later. Although not very enthusiastic at first, the enormous support behind the proposal forced Lopez Arellano to sponsor it.

Thus, the frist national coalition was formed. Its principles were summarized in a historic document called Pacto de Unidad Nacional (National Unity Agreement), whereby it was stated that the new government would be one of unity, and that it would be committed to work in the best national interest.

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1 Posas, Mario; Del Cid Rafael; op. cit. p. 153.

However, once in power the politicians forgot the national interest and returned to their traditional practices: personalism and sectarianism. Administration of the State was divided equally between the two historical parties according to the number of agencies. However, the Nationalist grabbed those with the highest economic weight. This resulted in permanent discontent among the Liberals and a high inefficiency of the administration. The new president, the jurist Ramon Ernesto Cruz was unable to control this situation thereby creating great disappointment among the population.

The conditions were given for a return of Lopez Arellano who was "sharing" power as Head of the Armed Forces. He did so. A brief notification finished the 18 month government of the well intentioned Cruz. The peaceful coup produced joy among many groups and sadness among the lower class.

Building on the recent history, Lopez Arellano initiated a new reformist and technocratic period which revolved around the implementation of a "National Development Plan". The Plan was based on the modernization of the socioeconomic structures and the rational exploitation of the natural resources, mainly the forests, as a way to have a sustained capitalist development. This resulted in a substantial increase of the institutional apparatus of the State and a clearer differentiation of it.

The State decided to participate directly in the economy. New autonomous agencies and a development corporation, "Corporacion Nacional de Inversiones" (CONADI) were created to generate new indus-

tries, largely through commercial foreign credits guaranteed by the government. Owners of these industries were mainly from the landowning class and a small growing industrial bourgeoisie. Mixed capital (State Local, Foreign) enterprises were formed to expolit the forests. Huge hydroelectric projects were undertaken. Even an Agrarian Reform was initiated as an important component of the plan.

The result, however, largely differed from that which had been planned. Investments by CONADI went mainly to projects of dubious feasibility[1] which resulted in a huge foreign debt at moderately high interest rates. Mixed enterprise did not produce the expected benefits. Hydroelectric projects are still under construction, absorbing enormous amounts of money. The Agrarian Reform failed to provide land to peasants. Thus, the expected benefits from the industrial development that would generate social development, were not achieved.

What developed from all this was the State bureaucracy. Public spending grew by 26 percent between 1973 to 1978. Government revenues were insufficient to pay them so it was necessary to appeal to foreign credits and State bonds to cover the deficit. New regressive taxes were also applied which made the tax load grow from 11 percent of the GDP in 1973 to 16 percent in 1978. Another important consequence was that people continued migrating toward urban areas where most of these industries were located. Some of them could find a job there. The majority had to obtain employment through the informal sector.

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1 Molina Chocano, Guillermo; Honduras: La Situacion Politica y Economica Reciente, in "Centroamerica mas alla de la Crisis", by Donaldo Castillo Rivas, Ediciones SIAP, June 1983 p. 126.

Successive military governments by Juan Alberto Melgar (anti-reformist) and Policarpo Paz Garcia were unable to handle the rapidly deteriorating situation.

Forced by local and foreign pressure, in 1979 the military had to provide the conditions for a return to a constitutional order. The transition period was a long one. Two elections separated by a one-year provisional government during which the popular class had an opportunity to express again their situation. Urban and rural land invasions proliferated[1]. Popular meetings and labor movilizations became a part of the everyday life. Promises started to be heard everywhere. Blue, and red banners were again waving. The political game was again in action.

This time, however, the conflictive internal situation seems to be relegated to a second place by the political events in the Central American area. External forces are impossing new rules for the game. The liberal Roberto Suazo Cordoba might not be able to meet his promises .... and the poor might have to continue waiting for their vindication.

1 Caldera Hilda, Las Invasiones Urbanas en Tegucigalpa, Universidad Catolica "Andres Bello", Caracas, Venezuela 1983.

IV. State Responses to Housing

State responses to the housing shortage have been oriented to the preservation of the system. Both, the formulation of policies and their implementation are a reflect of the role of the forces that constitute the power of the State, and of the practices that have limited its efficiency and autonomy. By allowing the market to act as the main allocator of housing, the State has left the popular classes in the hands of the dominants groups of society. By implementing its policies through the State apparatous, efficiency and equity in the production and distribution of housing have been severly limited.

State responses can be broadly divided into formal and informal policies. Formal policies are those that are to be implemented by the formal sector, both the public and the private. Informal policies are a sort of laissez faire where the government recognizes its inability to satisfy the demand and permits informal (mostly illegal) forms of housing construction to take place.

By and large, formal policies have been oriented to the production of housing as a commodity. They do not see the shortage of housing as the result of the socioeconomic evolution of society but rather as the lack of a good for which there is enormous demand and, therefore, must be massively produced. Solutions to the "problem" are then based on the maximization of the number of houses built by the formal sector. For this, emphasis is given on the obtention of the maximum amount of funds, the elaboration of efficient designs, and the rational use of indigenous and modern construction materials.

This approach will hardly solve the housing shortage because resources are always insufficient to meet the growing demand. What it does is to favor the interests of the classes and coalitions that form the economic support of the State, which are represented in the housing industry. By allowing the problem to subsist, the States guarantees the production of these classes.

This idea can be applied both to the production of housing and to its distribution among the population. On the production side, the interests involved can be divided as local and foreign. Local interests are landowners, consultant firms, construction companies, the building materials industry, banks and savings and loan associations, the State itself, etc. Foreign interests are the international fiance agencies, the building materials industry, the heavy machinery industry, consultants, etc.

From the allocation-of-housing point of view, it is the middle and upper classes who have been benefited. Planning and construction standards have been so high that the final product has been out of reach by the lower classes. The State has largely favored the construction of detached well-finished houses for its supporters, which at the same time contributes to its good image.

Two State Agencies have been encharged of implementation formal policies: the National Housing Institute (INVA) created during the early modernization period (1957), and the National Housing Finance Agency (FINAVI) created during the military reform (1973). The difference between them is that while INVA directly executes projects

using foreign loans and government subsidies, FINAVI does it through a system of Savings and Loans associations in a totally capitalist fashion. As a result of this, they tend to serve to different sectors of the market. INVA (unsuccessfully) tries to address the low income sector and FINAVI the middle and middle-high income groups.

A third agency with a role in housing is the city authority, the "Consejo Metropolitano del Distrito Cental" (CMDC). Its interest is to adapt the urban structure to the best use by the capital as a way to increase its revenues[1]. In this goal, the areas occupied by barrios marginales represented a loss.

For CMDC, housing is a problem that affects its image and operation. Firstly, they see it as problem of aesthetic. Barrios marginales not only make the city look ugly and dirty but can be taken as a reflection of their inability to run the city. Secondly, people living in barrios marginales do not pay municipal taxes, and, therefore, are seen as a burden for the municipal finances. Thirdly, CMDC has been the target of the majority of popular demands: 44.11 percent[2]. CMDC sees the barrios marginales as the origin of these mobilizations.

As a result of the proliferation of barrios marginales, CMDC is now encouraging housing programs as a way to contribute to the subdivision and legal tenure of land to increase the municipal tax base.

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1 Plan de Desarrollo Metropolitano, METROPLAN, Tegucigalpa.

2 Lizarra de Sossa, Beatriz G.; Los Movimientos Reivindicativos Urbanos en Honduras, Master of Social Work Thesis, Universidad Nacional Autonoma de Honduras, 1982, p. 40.

Given that the main constraint for massive construction of housing is the shortage of funds, the State has now created a new institution, the "Fondo Social de la Vivienda" (FOSOVI), very much in line with what has been done in Mexico, Guatemala and El Salvador. While it will function as the other housing agencies, its major responsibility will be to build a fund through the deduction of a certain percentage (around) 3 percent) of the salaries of all the formal workers. Again, this policy will continue favoring the interests mentioned above. This time, however, land speculation will tend to increase as a result of higher availability of funds.

Informal policies, on the other side, have been gradually gaining importance. Statistics show that more houses have been built through informal forms of construction that through the public and private sector combined. Between 1977 to 1982, for example, the formal sector built 17,436 housing units[1]. Housing needs due to population growth during this period were 76,753 units[2].

Infortunately, informal policies also tend to favor the dominant class. Most housing construction by the poor is done on lots purchased to large urban landowners who usually make high profits in the operation. The desperate situation of the poor forced them to accept lots in illegal urbanizations where basic infrastructure is not provided. Other form of exploitation is the rent of rooms in cuaterias (tenement) where families live in overcrowding and unsanitary condi-

1 Plan Nacional de Vivienda 1982-86 p. 3.

2 Estimated on the basis of 2.8 percent population growth, and 6 members per family.

tions.

A new form of informal policy is to permit invasions of land, especially, when it is public. This system has been widely used during electoral periods to attract popular vote[1].

Recently, the State has begun to adopt policies oriented to the lowest income groups. Two factors have been decisive for this attitude. On one side, military governments have looked for ways to improve their image both locally and internationally. Dependency on the word capitalist systems has acted like a limit to the use of force as a way to contain popular movilization. Consequently, they try to show evidence of concern about basic needs of the population. On the other side, international finance agencies are now conditioning their asistance to the adoption of certain schemes "suggested" by them. This has been the result of the demonstrated inability of conventional forms of housing to reach the lowest percentiles of the population.

Two strategies, "Sites-and-Services" and "Upgrading", have been the result of this "new" attitude. "Sites-and-Services" consists of the provision of serviced lots that the user will develop piecemeal through progressive development systems like mutual-help and self-help, according to their economic capacity and/or preferences. "Upgrading" consists of the provision of basic infrastructure services to existing settlements, usually resulting from illegal occupations.

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1 Caldera, Hilda; Las Invasiones Urbanas en Tegucigalpa, Universidad Catolica "Andres Bello", Venezuela, 1983.

However, even in these strategies, the interest to reach the poorest groups is many time defeated by the nature of the capitalist interests involved in their development[1]. These interests tend to benefit the classes above mentioned, represented by contractors, building material suppliers, real estate developers, etc.[2]. Valorization of lots after the implementation of upgrading programs usually result in the displacement of users who cannot resist the increasing pressure produced by the new market value. Consequently, the majority of the most needy sectors of the population end up being displaced by the middle class in spite of the claims of popular-concern by housing agencies.

What future is there for sites-and-services and upgrading as strategies for urban development? Although sites-and-services has been opposed by contractors because it reduces the profits they used to obtain in the labor-intensive conventional housing, I expect that the government will continue supporting both strategies because they do work in its benefits. Without demanding large per capita investment, they do address the poorest groups from which the State obtain political support. In the case of upgrading, it helps the State to consolidate its ability to impose order. By building roads in squatter areas, access by security forces needed for apeasement of volatile

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1 Burgess Rod; Petty Commodity Housing or Dweller Control? A Critique of John Turner's Views on Housing Policy, World Development, 1978, Vol 6, No. 9/10, p. 1105 - 1133.

2 Peattie, Lisa R.; Some second Thoughts on Sites-and-Services, Habitat International, Vol. 5. Nos. 5/6.

situations is assured[1]. For CMDC, upgrading is a fantastic way to increase municipal revenues ... nobody gets a drop of water unless they are registered in the cadaster.

1 Shlomo, Angel; Upgrading Slum Infrastructure, Divergent Objectives in Search of Consensus. Third World Planning Review, Vol 5, No. 1, Feb. 1983.

Conclusions

From the ideas presented in this work some points should be understood if we intend to have a role as active planners, especially in the third world. Although many of these views have already been presented by others, their validity seems to be reinforced in the context that I have just analized.

Urban problems (housing and all the others) cannot be addressed in isolation. Neither the city nor even the whole country is sometimes wide enough to frame them. In the case of Honduras, the international situation is a decisive factor in most decisions related to them. Urban problems have to be addressed in the context of national development which is determined by the action of political and economic forces.

It should be clear that as long as the power of the State is determined by its relationships with the local dominant groups and with foreign economic and political powers the situation of the poor will not improve. On the contrary it will tend to get worse every day. By the same token, it should be clear that as long as the vicious of the political system -- cooptation, political instability, lack of solid political institutions, administrative corruption, lack of conscious and responsible politicians, large inefficient bureaucracies, etc. -- persist, the State will encounter enormous difficulties in carrying out its good intentions of helping the poor.

Housing has to be seen not as a problem, but as a physical manifestation of a socioeconomic situation created by the process of urba-

nization. Urbanization, as we have just seen, is nothing else but the result of the evolution of social, economic, and political forces in space. Enormous inequalities in both urban and rural areas have resulted from this process. The shortage of housing is just one of the many forms in which these inequalities are expressed. As a result of this, it should be clear that the construction of housing projects alone will in no way solve the shortage because it does not attack the roots of the shortage.

A clear understanding of these ideas should help us to adopt one out of two attitudes toward the problem: do we want to solve it, or do we want just to palliate it. The first option means to change the socioeconomic relationships, basis of the existing system, that have created the problem; the second option means to look for innovative measures to improve the existing system in order to have more arms to attack the problem. Both positions are valid. What is important is to know exactly what we will be doing. In the case of Honduras, changes that affect the relationship State-foreign sector are condemmed to failure. Changes that affect the relationship State-dominant groups have little chances of success although they will find strong opposition.

From the above, we, as planners should decide what our role in society is going to be. It is very unlikely that we can change a social structure generated during hundreds of years of economic inequalities. It is even more unlikely that we can change the power structure of the State. Therefore, if we intend to contribute effec-

tively to improve the situation of the poor we have to be ready to face enormous obstacles. We have to "learn to live with conflict, to accept conflict as inevitable, and to exploit conflicting forces for constructive action", "only in this way can we ultimately hope to gain respect for ourselves as persons as well as professionals"[1].

1 Friedmann, John; Notes on Societal Action; Journal of the American Institute of Planners, September 1969, p. 311 - 317.

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